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DAN SMOOT

SCANDALOUS FOREIGN AID

On December 15, 1967, Congress appropriated $2.296 billion for foreign aid in fiscal 1968. This was $930.8 million less than the Johnson administration had asked.

On January 5, 1968, Vice President Hubert Humphrey spoke in Ethiopia to 500 delegates representing Negro nations of Africa (white-ruled Rhodesia and Republic of South Africa not being represented). Our Vice President *apologized* to the Africans because Congress had reduced foreign aid appropriations. He thinks our aid to other nations should be "doubled or tripled to meet U. S. world responsibilities."

Humphrey promised that he and President Johnson would not accept congressional reductions, but would let the American people decide. He said:

"I know my countrymen. They will not turn away from their responsibility to others, including Africa."(1)

Shortly after Humphrey returned from Africa, foreign-aid scandals came to light. Ironically, some of Humphrey's former close associates were involved.

On February 7, 1968, Senator John Williams told the Senate about a $2 million contract which AID (Agency for International Development) negotiated with a Belgian firm to recondition certain excess U. S. government property for use in the foreign aid program. With the connivance of 4 AID officials, the Belgian firm grossly overcharged the U. S. government for services performed. The firm allegedly rewarded the AID officials with kickbacks (cash and services) totaling $250 thousand.(2)

In 1967, the 4 AID officials were confronted with the allegations. They issued general denials and were permitted to resign without any action being taken against them. Late in January, 1968, when Senator John Williams asked to see the files to determine whether anything was being done about the situation, AID hastily sent the files to the Department of Justice and then told the Senator the files were unavailable for congressional inspection because Department of Justice action was pending.(2)

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There is still no indication that action will ever be taken against the 4 AID officials who were permitted to resign after allegedly accepting $250 thousand in kickbacks. One of the 4 is Herbert J. Walters, Hubert Humphrey's former administrative assistant, who was head of AID's "War On Hunger" program.[3]

Another foreign-aid scandal involved Napco Industries, Inc., of Minneapolis, Minnesota (Humphrey's home town) and its affiliate, Napco Bevel Gear of India, Ltd. Napco of Minneapolis got a loan of $3,724,000 from AID to ship gearmaking machinery to India. The machinery was supposed to help India's auto parts industry. The man who signed the loan agreements for Napco was Max M. Kampelman, Hubert Humphrey's former legislative counsel.[4]

In 1967, the General Accounting Office discovered that the machinery which Napco had shipped to India was largely junk. Some of it never arrived at destination. Some had been stripped of key parts and arrived in worthless condition. A Napco employee said a company lawyer asked him to certify falsely (for insurance purposes) that some of the missing machinery had been stolen in transit. He refused to do so, and was later fired.[4]

The government did nothing about this scandal for months; but in February, 1968 — after much Congressional pressure — the Department of Justice filed a civil suit against Napco seeking refunds and damages for more than $3 million. There is no indication that criminal charges will be brought.[4]

Congressional prodding in January and February, 1968, brought to light evidence of other foreign-aid scandals. On February 15, 1968, Representative H. R. Gross tersely summed up some of the revelations:

"The moral sickness that pervades this Agency [for International Development] apparently runs from top to bottom and in less than 2 weeks we have all seen the evidence of it—the acceptance of kickbacks from foreign contractors and favors from party girls; the falsification of travel vouchers by the Agency's top security officer, John G. Bradley. . . .

"Perhaps the most significant indication of the decay within AID is the frantic attempts to cover up these scandals and hide them from the American people."[5]

In February, 1968, the State Department made a report on "some recent examples of the work of the Office of The Inspector General of Foreign Assistance (IGA)." The examples of mishandling of foreign-aid funds, reported by IGA, do not indicate corruption or dishonesty among AID officials, and the amounts of money involved are relatively small. Remembering, however, that this IGA investigation could not possibly be anything more than a spot check of a program much too extensive for comprehensive examination, we get an inkling of the vast sums of taxpayers' money being wasted. Here are items from the State Department report:

—In Algeria, an IGA inspection team found sizable amounts of Food for Peace commodities (including 2000 cases of cooking oil and 1000 sacks of dry milk) which had never been distributed.

—In Argentina, IGA inspectors, walking through warehouses in the Buenos Aires port area, found 18 large crates of tool kits which were consigned to Paraguay but which had been sitting on the docks in Buenos Aires for more than 9 years.

—In Brazil, an IGA team visiting a Rio de Janeiro warehouse, discovered that U.S.-financed goods were being sold at auction.

—In the Dominican Republic, IGA inspectors discovered that AID money was being used to import large quantities of such "non-essentials" as champagne glasses and luxury foods.

—In India, CARE and other voluntary agencies, instead of buying excess U.S.-owned rupees from the American embassy (to pay the administrative expenses of distributing free food to Indians), were spending some $230 thousand a year to buy rupees through Indian banking channels — thus contributing to the U.S. balance-of-payments deficits. Similar conditions existed in several countries.

—In Korea, IGA inspectors found that AID planned to spend $1 million for navigation equipment at 2 airfields, whereas the job could be done adequately with equipment costing $100 thousand.

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— In Panama, IGA inspectors found "several tens of thousands of dollars of laboratory equipment standing idle at health centers."

— In Peru, IGA discovered that construction plans for La Molina Agriculture University included a 4-story student union building that was needlessly lavish. By reducing the student union building to 2 stories, IGA inspectors saved American taxpayers $1.25 million.

— In Thailand, IGA inspectors found that 150 tons of bridge components, intended for use in Laos, had been shipped by air from Tokyo to Bangkok.

— In Turkey, IGA inspectors found about $700 thousand worth of AID-financed commodities which the Turkish government had not permitted to pass through customs.[6]

The IGA inspectors found that AID had spent $100,000 for water to be delivered to ships berthed in the Saigon port area, but that no water had been delivered.[6] That, however, is a trifling item. A heavy percentage of all our economic aid to Vietnam (and some of our military goods) are stolen, with the connivance of South Vietnamese officials. Some of it falls into the hands of the Vietcong. The cost to American taxpayers totals hundreds of millions of dollars a year.

Ignoring the scandals, President Johnson, on February 8, 1968, sent Congress a message requesting $2.9 billion in new foreign aid appropriations for fiscal 1969 — $2.5 billion in economic assistance, $420 million in military assistance. The President said:

"The programs I propose today are as important and as essential to the security of this nation as our military defenses . . . .

"The foreign aid program for fiscal 1969 is designed to foster our fundamental American purpose: To help root out the causes of conflict and thus ensure our own security in a peaceful community of nations . . . .

"Foreign aid is the American . . . . commitment to conscience as well as to country. It is a matter of national tradition as well as national security.

"Last year some Americans forgot that tradition. My foreign aid request . . . was reduced by almost one-third.

"The effects of that cut go much deeper than the fields which lie fallow, the factories not built, or the hospitals without modern equipment.

"Our ambassadors all over the developing world report the deep and searching questions they are being asked. Has America resigned her leadership of the cause of freedom? Has she abandoned to fate the weak and the striving who are depending on her help?

"This Congress can give a resounding answer to these questions by enacting the full amount I have requested."[7]

There is more than a little dishonest demagoguery in the President's remarks. He implies that fields now lie fallow, factories are not built, and hospitals are left without modern equipment solely because Congress reduced his 1967 foreign aid request by $930 million.

But on June 30, 1967 (according to Representative Otto E. Passman, Chairman of the House Foreign Operations Subcommittee on Appropriations), the government had $16.4 billion unspent foreign aid funds accumulated from prior years.[8] *This is enough to continue foreign aid for another 6 years (at the level the President requests) without further appropriations. Foreign aid spending has not been reduced one penny because Congress cut the President's appropriations requests last year.*

The President says our foreign aid is essential to our security and that it buys peace. Our national security has been more in jeopardy since foreign aid began than ever before. Since the beginning of foreign aid, we have been at war or on the verge of war; and we are now in the nastiest foreign war in our history. The President says we lose prestige by reducing foreign aid; but the nations that hate us most are generally the ones to whom we have given the most aid.

Since 1946, our government has confiscated from American taxpayers 152 billion, 533 million dollars for aid to foreign countries.[9]

Our tax money has subsidized communist regimes which are sworn enemies of our nation; it has supported nations which, though not controlled

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by communists, are inimical to the United States and seething with hatred and resentment of Americans. We have financed wars between nations which would not have had the capacity to fight each other without our help; and, in the process, we have made the warring nations hate us because of the aid we give their enemies. Our foreign aid has financed social upheavals and communist-socialist revolutions throughout Latin America and Africa, bringing to power political regimes whose policies are based on hatred of the United States. Our aid has built and subsidized foreign industries which are now underselling American industries. The foreign giveaway programs have piled up our national debt, dissipated our monetary gold reserve, inflated our living costs, debased our currency.

Our aid has had a disruptive effect on backward nations, shattering their ancient economic and political systems, tending to increase rather than decrease their hungry populations, pushing them into premature efforts to build complex industrial systems which are beyond their technical comprehension and their ability to maintain.

What right has our government to take money out of our paychecks for gifts to foreign nations? None! Our government has no responsibility (moral, legal, or otherwise) to feed, house, educate, medicate, and placate the world. Americans represent about 6% of the world's population. By saddling us with the crushing task of subsidizing most of the other 94%, our government can mash us down; but it can never lift them up. Other nations hate us for trying. Our efforts at uplifting imply that they are beneath us. We may think so, but they may not. If they do not like their way of life, it is their right and responsibility to change. We have no right to meddle in their internal affairs.

Hubert Humphrey (saying he knows his countrymen — knows they want to continue supporting the nations in Africa and everywhere else) poses an excellent campaign issue for the 1968 political year. Voters can prove he does not know his countrymen — by electing Representatives and Senators who will not merely reduce foreign aid appropriations, but will abolish the whole scandalous, abortive, unconstitutional program.

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FOOTNOTES

(1) AP dispatch from Addis Ababa, *The Dallas Times Herald*, Jan. 6, 1968, p. A6

(2) Speeches by U.S. Sen. John J. Williams (Del. R.), *Congressional Record*, Feb. 7 and 8, 1968, pp. S1014, S1107

(3) "Foreign Aid Scandal," *Human Events*, Feb. 17, 1968, p. 4

(4) Speeches by U.S. Rep. H. R. Gross (Iowa R.), *Congressional Record*, Oct. 12, 1967 (p. H13349), Jan. 31, 1968 (p. H602); Extension of Remarks by U.S. Rep. Laurence J. Burton (Utah R.), *Congressional Record*, Feb. 22, 1968, p. E1090; *"Concern Is Sued Over A.I.D. Loan,"* by Felix Belair, Jr., *The New York Times*, Feb. 17, 1968, p. 9

(5) Speech by U.S. Rep. H. R. Gross (Iowa R.), *Congressional Record*, Feb. 15, 1968, p. H1058

(6) Speech by U.S. Sen. J. W. Fulbright (Ark. D.), *Congressional Record*, Feb. 20, 1968, pp. S1490-2

(7) "Our Foreign Aid Program — Message From The President Of The United States (H. Doc. No. 251)," *Congressional Record*, Feb. 8, 1968, pp. H934-8

(8) Press Release by U.S. Rep. Otto E. Passman (La. D.), Aug. 22, 1967

(9) Extension of Remarks by U.S. Rep. Edward J. Gurney (Fla. R.), *Congressional Record*, Feb. 20, 1968, p. E958

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